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ABSTRACT

This seminar guide was designed for use with a series of slides in training administrators to market an educational program or service to corporations. The seminar explains the following eight stages in planning entry into the corporate market: identifying appropriate publics; researching the market (analyzing supply and demand, collecting data, making an assessment, evaluating whether the program being marketed has sufficient resources to meet the needs identified in the assessment, and developing an action plan); performing a market analysis and using the concept of market segmentation (mass, product-differentiated, and target marketing); doing a market audit (macroenvironment, task environment, product, marketing organization, objectives and strategy, productivity, and marketing function audits); forecasting market demand; developing a program that is appropriate to the needs identified during the market analysis; developing a market strategy that is appropriate for an individual program's life stage (determining the correct product, promotion, price, and place); and monitoring the market (sales, market share, marketing expense-to-sales, and customer attitude analyses). (MN)

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ENTERING THE CORPORATE MARKET

Garry W. Greenshields
May, 1987

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INTRODUCTION

So, you've got a great idea! An idea for an educational program, a service, or something that you feel the corporate market would want.

It may be an idea that would benefit your organization.

Whatever your agenda, the questions become:

1. How do you go about doing it?

2. What are the preliminary steps involved in entering the corporate market?

3. What stages of planning and preparation are required so that you may be guaranteed the greatest possible success?

4. How can you beat out the competition for this market, and prepare your products to make the greatest profit and the fewest mistakes?

It is my hope that during this seminar these questions will be answered for you; so you may leave and begin the process of entering the corporate market.

1. PLANNING STAGES:

I am an administrator who likes steps or stages for organizing the planning processes.

When planning an entry into the corporate market there are 8 stages to follow:

Slide 1: Key Planning Tools

1) The Identification of Publics

A review of all the groups affecting or affected by your organization, and the identification of their needs and wants.

2) Market Research

Collection and analysis of consumer preferences.

3) Market Analysis and Segmentation

Analysis of consumer, and utilization data on similar groups of consumers.

4) Market Audit

Review of existing in-house services, and strengths and weaknesses, along with those of competitors.

5) Demand Forecasting

The study of demand on specific groups for specific products.

6) Program Development

Development of content to meet identified needs, and training of appropriate personnel.

7) Market Strategy Development

The integration of precisely defined activities into a specific plan, with expected outcomes.

8) Marketing Monitoring

The development of systems to control the marketing function, and to continually collect and analyze pertinent data.

Let's now deal with each of these steps to outline the preparation required for optimum success.

Slide 2: Repeat of Slide 1 with IDENTIFICATION OF PUBLICS highlighted

1) Identification of Publics

The major goal of this stage is to define the market with which your organization wishes to work.

Not every individual or company is a market for every program you have.

In order to determine who is interested in a program, you must define your "Market Offer".

For Instance, you may offer adult interest programs, as opposed to adult diploma programs.

Slide 3: Qualified Available Market

Individuals or companies in your potential market must have 3 characteristics:

1) Interest in your offering

2) Income to pay for it, and

3) Access to your program's setting.

Groups who possess these qualities are your QUALIFIED AVAILABLE MARKET.

It is necessary to know who your qualified buyers are in order to determine your market share for the program you are preparing to offer.

In other words, to determine who you will open your program up to.

Slide 4: Levels of Market Definition

The attractiveness of a market share position varies according to the composition of the market, as well as, the nature of your competition.

Sometimes the decision to INVEST in market share (i.e. increase market share) is valuable to penetrate the market.

In other situations where there are relatively few qualified buyers, but they are lucrative in nature, the decision to DISINVEST (or reduce overall market share) is valuable because it allows you to pay attention to detail and quality with a small, but rewarding market.

You may now be asking yourselves "How do we come to know our market well enough to make market share or product-line decisions?"

Slide 5: Repeat of Slide 1 with MARKET RESEARCH highlighted

The answer lies in Market Research.

2. Market Research

Market Research is the second stage in the planning process.

It provides the necessary information about both the industry's and the consumer's needs and wishes.

In traditional education parlance it would be called NEEDS ASSESSMENT, and is designed to facilitate two-way communication between you, the seller, and corporations, the buyers so that you can develop programs that are attractive to the potential customer.

This communication may take one, or a combination of formats.

Strategies such as consumer surveys, interviews, or focus groups are examples of these formats.

Whatever is chosen, the strategy is clear cut.

Slide 6: Market Research

1) Analysis of key industry trends and indicators.

For Example: customized training growing as an interest in the Corporate Market?

Is the Demand - Supply Relationship such that a new educational program would survive?

2) Data Collection:

Questions you must answer in connection with your Data Collection are:

- What is the most opportune time to seek answers to your research questions?
- What is the best interviewing format?
- Who should be interviewed.
- How will the data be interpreted?
- How will error and bias be controlled?

3) Assessment:

Questions requiring answers during the Assessment Stage of your Market Research include:

- What types of programs are companies interested in?
- What have they purchased in the past?
- What would they like in the future?
- What are the thresholds for growth?

4) Evaluation

During the Evaluation Stage you must determine whether or not you:

- Have the non-biased answers you'll need to make wise decisions; and
- Have the resources and skills to develop the programs your clients really need.

5) Action Plan Development:

Now that we know what our potential clients want; plans for program development, marketing, and implementation strategies for future success may be devised.

However, it is often discovered during Market Research that there are many different needs or desires within the market population.

For Example: Companies with 60 employees are likely to have different needs of those with 6 employees. And both are likely to differ from those with 6,000 employees.

Also, manufacturing companies have different needs than retailing companies. Both of these will probably differ from government agencies.

3. Market Analysis and Segmentation

Slide 7: Repeat of Slide 1 with ANALYSIS AND SEGMENTATION highlighted

Stage 3 of the Marketing Planning Process involves analyzing and segmenting your potential market.

Slide 8: TYPES OF MARKETING

1) The first is Mass Marketing, where a general product or program is developed which is designed to be attractive to every qualified client.

These programs tend to be of a lower price because of the mass produced nature; but they do not take customer preferences into account.

2) The second is Product Differentiated Marketing, where you develop two or more products for the whole market.

It is not a product designed for differentiated groups; but simply allows some degree of choice for everyone.

3) Finally, there is the concept of Target Marketing which requires that you distinguish between the different segments making up your market.

You choose one or more of these segments to focus on, and develop programs specifically designed to suit the indicated needs.

Target Marketing in education provides a greater opportunity for maximum impact and effectiveness.

In order to practice Target Marketing, however, the total market must be segmented or divided into distinct, meaningful groups of clients.

Markets may be segmented by age, income, job classification, etc.; or by any combination of criteria.

Criteria for targeting the corporate segment may range from the type of business, number of employees, and annual income to corporate philosophy or presence of unions.

You may become very specific, and choose to service, for example, only manufacturing firms with over 50 employees and no union.

However, an acute analysis of your market share position, and expectation for growth is required before a targeting decision can be made.

You must decide to undertake Differentiated Target Marketing or Concentrated Target Marketing.

Slide 9: Differentiated/Concentrated Marketing

Differentiated Target Marketing would allow you to service several markets, producing separate programs for each.

Concentrated Target Marketing entails the choosing of only one target, and specializing in your offering.

Target Marketing

Differentiated Target Marketing may produce more over-all sales but the cost of "doing business" may increase.

More time and resources are required in functions such as product management, marketing and training.

A danger in this type of marketing is that you may attempt to offer more programs than are economically feasible.

On the other hand, Concentrated Target Marketing prevents you from spreading yourself too thin.

It serves only one target group, and it serves it well.

This form of marketing allows you to develop a complete knowledge of the Target and its needs.

However, a risk is also involved here.

If the market suddenly disappears due to a change of interests, economics, or the emergence of a solid competitor, you may fall flat.

Differentiated Target Marketing is probably best for allowing maximum market penetration to the most appropriate group.

4. Marketing Audit

Notice that, to this point, we have not yet developed the programs.

To begin a planning of programs for your Target Market, a clear understanding of the available resources is required.

This is obtained through the fourth Marketing Planning Stage, the Marketing Audit.

Slide 9: Repeat of Slide 1 with MARKET AUDIT highlighted

The goal of the Marketing Audit is to determine the resources, capabilities, and strengths (or lack of) of your organization so you may develop and deliver programs to meet your objectives.

It is logical that you will develop programs in the areas of your strengths.

The Marketing Audit is a continual process which systematically reviews your marketing environment, strategies, objectives, and activities with a view to determining problem areas or potentials, and recommending plans of action.

A typical Marketing Audit for an educational organization would cover the following areas:

Slide 10: THE MARKETING AUDIT

1) Macroenvironment Audit

A Macroenvironmental Audit is a study of trends in your external environment; which consists of the larger societal forces that affect your microenvironment or internal environment.

These include demographic, economic, natural, technological, political, and cultural forces.

2) The Task Environment Audit is a study of trends in the current market, customer views, and competitor analysis; all of which impact on program delivery.

3) An Audit of Objectives and Strategy ensures that your objectives are attainable and feasible, and that your current marketing strategy is adequate for the corporate sector.

4) A Marketing Organization Audit involves an assessment of your organizational hierarchy and functional efficiency.

That is -- Can the job be done by your organization?

5) Your Product Audit should answer two questions:

- Do your educational programs (i.e. products) meet the needs of the market?

- Are resources available to delivery your programs effectively?

6) Marketing Systems Audit involves determining whether or not there are effective systems in place for marketing information, planning, functional control, new product development, and evaluation.

7) How profitability and cost effectiveness are to be analyzed is determined by a Marketing Productivity Audit.

8) Finally, the Marketing Function Audit is an analysis of program offerings, pricing schedules, distribution or delivery techniques, advertising, sales promotion, public relations, and your sales force.

5. DEMAND FORECASTING:

The Marketing Audit will tell you if you are eligible to be in the business you are in.

It is not a Marketing Plan.

The Marketing Plan will outline how all of these investigated items will be put into action.

However, you will not know which actions are realistic until an analysis of Market Demand is completed.

Slide 11: Repeat of Slide 1 with DEMAND FORECASTING highlighted

Logically, there is no reason to develop a product or program if there is no one wanting it.

Estimating Total Market Demand will indicate the Total Volume That Would be Bought by a defined customer group in a defined geographical area in a defined time period in a defined marketing environment under a defined marketing program.

Slide 12: MARKET DEMAND

The Market Demand is a function of a number of specific conditions including: the price of features of a program, the state of the economy, or social attitudes at a point in time.

Market Demand is measured according to expenditures required to get a program to the people.

The term Market Minimum refers to the number of sales that would occur without any Demand.

Increasing Marketing Expenditures will yield greater demand by increasing the number of people who are aware, and hence, want your program.

This trend holds only to a certain level, however.

A point comes when further Marketing Expenditures will no longer increase demand, and to increase expenditures further would be a waste of money.

This limit is called the Market Potential.

The range between Market Minimum and Market Potential is called the Market Sensitivity of Demand, and this, basically, tells you whether or not all your effort is going to get your anywhere.

A knowledge of Total Industry Sales or the Estimated Market Share of Competitors will also help in defining Market Potential for a new program.

This process of forecasting Future Demand is extremely sensitive, and important.

Poor forecasting can lead to excess inventory and personnel, or insufficient resources when required.

And, remember, when forecasting, all the factors likely to affect demand need to be considered; including: non-controllable marcroenvironmental factors, competitors, and future changes within your organization.

6. Program Development

At this stage in the Marketing Planning Process, most of the investigative work has been completed and your program can now be developed.

Slide 13: Repeat of Slide 1 with PROGRAM DEVELOPMENT highlighted

Of course, the reason for all of this investigative work is to develop a program best suited to the needs of your clientele.

Otherwise, who would they want it?

The one cardinal rule in working with the Corporate Market is "Don't Underestimate the Expectations of Your Clients."

Programs need to be professionally delivered, and be very sound in content.

Your instructors, regardless of the topic of the program, are going to be compared to the slick $10,000 per day corporate presenters out there in the market.

So instructor training programs need to include presentation style, and fostering of a corporate image, as well as, content mastery.

A major manpower problem for entering the Corporate Market is finding instructors with the intensive knowledge that your program will demand, and who are also as "smooth as silk" on stage.

Attention to Instructor Training can help you develop these special people.

The performance expectations of the Corporate market are very real.

If you can't live up to them, word of mouth will quickly destroy your credibility.

7. Market Strategy

So now that you have your program developed and your instructors trained, you now need to formulate a strategy for getting that program to the Corporate Clientele.

Slide 14: Repeat of Slide 1 with STRATEGY DEVELOPMENT highlighted

Market Strategies will vary from program to program.

Slide 15: TYPICAL S-SHAPED LIFE CYCLE CURVE

Programs, just like people, have various Life Cycles which influence the strategy chosen.

Programs may be in an Introductory Stage, or be in a Growth, maturity of Decline stage.

The Introductory Stage takes place when a program is first available.

Sales growth is slow since delivery may not be at full capacity.

A great deal of time is, of course, spent in promotion.

As a result, Marketing Expenditures are often high.

At this point, it is important for you to be innovative, and not be afraid to invest a substantial amount of time and effort in promotion. This is the stage that N.I.T. on a whole is presently in.

This will lead your program into the Growth Stage.

As your program begins to satisfy the Market, sales will begin to increase.

However, this does not mean that marketing expenditures will necessarily decrease.

Many competitors may enter the Market, attracted by the new opportunity you have demonstrated.

The task for you, is to sustain the Growth Stage for as long as possible.

This may be accomplished in different ways; such as:

1) you may improve program quality and/or add new features or programs to your original offering.

2) New routes may be developed for program exposure allowing new market segments to be penetrated.

Hence, your Marketing Strategy should shift from the promotional level to fostering a conviction in your customers that your program is a quality program.

During the Maturity Stage of a program the sales rate starts to slow down.

This is the longest lasting stage in the Program Life Cycle.

At this point, competitors may engage in price cutting to obtain Market Share.

So, again, promotional budgets are increased to maintain position in the Market.

Some of the weaker competitors drop out until the industry consists of well entrenched competitors all seeking the advantage.

When you think about it, most of Canada's Educational Institutions are locked into this stage of their Program Life Cycles.

In time, a program will enter the Decline Stage where sales may either stop or petrify at a low level.

A Decline may occur because new technologies may have developed a better program, or a change in social attitudes may have rendered a program obsolete.

At this point, you may either withdraw from the Market, and invest your resources in more attractive areas, or reduce your offerings to smaller segments.

Carrying a weak program, though, may be very costly.

Advertising, and your Sales Force's time is still required, which can reduce your cash flow.

A program "Harvesting Strategy" should be introduced for the gradual phasing out of a program.

The difficulty is that many educational institutions feel that they are failing if they drop a declining program.

They tend to add new programs instead, to counter balance the losses.

This is a very costly mistake.

The Program Life Cycle is a natural phenomenon, and demands attention.

By maintaining a Product Portfolio as a Marketing Strategy, this mistake can be prevented.

This Portfolio should be reviewed periodically, and hard decisions should be made about a program's future.

Slide 16: BOSTON CONSULTING GROUP PORTFOLIO APPROACH

A managing consulting firm called the Boston Consulting Group developed a Product Portfolio Evaluation Plan that is widely used in business settings, and holds for educational programs as well.

This plan measures both Market Growth Potential and Market Share for any program.

Market Growth is divided into high and low growth, and Market Share into high and low share.

A grid results on which programs may be plotted.

Programs are defined as either stars, cash cows, Question Marks, or Dogs.

The Stars are programs with a high Market Share in a fast-growing Market.

The Cash Cows are those with a high Market Share in a mature, slow-growth Market.

A Question Mark has a small share in a fast growing Market, while the Dogs have a small share in a slow market.

This presents a very simple strategy for the analysis of program futures.

For example, you may wish to pour money and resources into the marketing of stars so that you can maintain your prominent position.

Cash Cows should be maintained at their current level of productivity to ensure a constant cash flow.

Question Marks may be either disinvested, or promoted depending on the Potential Market.

Dogs should be harvested.

Should you discover that you do not have enough Stars or Cash Cows to remain viable, you must undertake the task of creating new programs, finding new markets, or folding your business.

The next Marketing Strategy to determine is that of Marketing Mix.

Slide 18: THE FOUR P's OF THE MARKETING MIX

The Marketing Mix is the combination of Controllable Marketing Variables which can best encourage your customers to buy your program.

The Marketing Mix is often called the 4 P's of Marketing.

That is - Product, Promotion, Price, and Place.

Items to consider would be the price of the program, discounts, quality of delivery, features, packaging, location, advertising, etc.

In education, particularly for the Corporate Market, you may wish to consider a 5th P -- the Participant.

Sometime offering a program that is homogeneous by job type may be valuable.

Research has shown that Executives do not like to participate along side subordinates; but would rather have a program of their own.

The chosen programs, and their comparative positions will dictate for you which elements of the Marketing Mix should be emphasized.

So, a Pricing Strategy is critical.

A Pricing Strategy may be determined in several ways.

Slide 18: PRICING STRUCTURES

1) A Cost-Oriented Pricing strategy bases prices on Operating Expenses.

   A Break-even Analysis is required so that for any proposed price, you can determine how many Program Sales you must make for you to generate adequate revenues.

   Prices may be altered, based on projected sales or revenue requirements.

   This type of pricing is popular as there is often less uncertainty about operating expenses than about Demand.

2) If it is known that a program is in Demand, the price may be placed at an inflated rate; hence, Demand-Oriented Pricing.

3) Competitor-Oriented Pricing sets price based on being higher, lower, or the same as your competition.

This strategy is not sensitive to either Demand or Operating Expenses.

This is an effective method when costs are difficult to estimate, and the Going Rate represents the collective wisdom of the industry.

Whatever strategy is chosen, you must remember that it is difficult to raise prices once they are set; so be as accurate as possible the first time.

Slide 19: STRATEGY FORMULATION

Marketing Strategies such as those discussed - the Program Life Cycle, the Product Portfolio Analysis, The Marketing Mix, and the Pricing Strategy are all key techniques for planning the Marketing Function.

8. Marketing Monitoring

However, once the Market Plan has been implemented, it does not mean that the function is complete.A strategy for Managerial Control and Market Expansion must also be examined.

Slide 21: Repeat of Slide 1 with MANAGERIAL MONITORING highlighted

A continual process of Monitoring and Control is required so you are sure to meet your over-all Goals and Objectives.

Slide 22: MANAGERIAL MONITORING.

The Monitoring Function may be divided into three categories.

Slide 23: Repeat of Slide 22 with ANNUAL PLAN CONTROL highlighted.

1) Annual Plan Control analyses yearly deviations from your Organizing Plan.

   Its purpose is to ensure that you achieve the Market Goals defined in your plan.

Four steps are involved in Annual Plan Control:

Slide 24: THE CONTROL PROCESS

First, you must state the monthly, quarterly, and/or yearly goals in your Annual Plan.

Second, you must measure the performance of your Annual Plan in the marketplace.

Third, you must determine the cause of any serious performance failures.

Finally, you must take corrective action to close the gaps between the goals of your Annual Plan and its performance.

This may require changing the Action Plan, or even changing the Goals.

You may be asking yourself "What specific Control Tools can I use to check on Plan Performance?"

Slide 25: MAIN CONTROL TOOLS

Well, the four Main Tools you can use are: Sales Analysis, Market-Share Analysis, Marketing

Expense-to-Sales Analysis, and Customer Attitude Tracking.

Slide 26: Repeat of Slide 25 with SALES ANALYSIS highlighted.

Sales Analysis consists of measuring and evaluating actual sales in relation to sales goals.

You can also look at whether specific programs, territories, and so forth, produced their expected share of sales.

Let's suppose that you are marketing in three programs, and you find through Sales Analysis that Program One fell short by a small margin while Program Two had a modest surplus; but Program Three fell short by a large margin.

Program Three is causing most of your problem, and you will want your Marketing Manager to check into this origranry to see what is causing the poor performance.

Slide 27: Repeat of Slide 25 with MARKET SHARE ANALYSIS highlighted.

Market-Share Analysis allows you to track your Market Share.

Suppose your sales increase.

That knowledge alone does not tell you whether the increase is due to improved economic conditions in which all of your competitors gained as well; or due to your organization's improved performance in relation to your competitors.

If your Market-Share goes up, you are gaining on your competitors.

If it goes down, you are losing to competitors.

Slide 28: Repeat of Slide 25 with MARKET EXPENSE-TO-SALES ANALYSIS highlighted.

Annual Plan Control requires making sure that you are not overspending to achieve your Sales Goals.

Watching the ratio of Marketing Expense-To-Sales will help keep your Marketing Expenses in line.

Slide 29: Repeat of Slide 25 with CUSTOMER ATTITUDE TRACKING highlighted

By monitoring changing Customer Attitudes before they affect sales, you can take earlier action.

The main Customer Attitude Tracking Systems are Complaint and Suggestion Systems, Customer Panels, and Customer Surveys.

Slide 30: Repeat of Slide 22 with PROFITABILITY CONTROL highlighted

2) The second category in the Monitoring Function is Profitability Control which estimates the Profit or Loss of different Programs, Market Segments, Instructors, and Delivery Styles.

This sounds easy enough, but it is often a problem area for many educational organizations.

It is important that ALL COSTS of Delivery are calculated, or a false sense of security may result.

Key Expense Ratios need to be calculated such as Marketing Expense-to-Sales, Advertising-to-Sales, Salaries-to-Sales, and Administration Expenses-to-Sales in order to truly identify problem areas.

Slide 31: Repeat of Slide 22 with STRATEGIC CONTROL highlighted.

3) Finally, Strategic Control consists of evaluating the systems of the Market Function by analyzing Marketing Performance compared to Market Opportunities or Demand.

It analyzes all of the functions outlined in the Market Audit mentioned earlier, to ensure that your systems are adapted to the Current and Forecasted Marketing Environment.

Corrective short and long term actions may be prescribed.

The continual analysis of the Operating Situation, such as Programs and Service Portfolios, the Markets served, the Relevant Technologies, the Competition, the Economic, Social and Political Environments, and your organization itself is necessary to keep up with inevitable change.

TO SUMMARIZE

The entering into the Corporate Market is not necessarily an easy task.

Corporate Expectations are high and the Competition can be fierce.

A danger may exist when you so badly want to enter the Corporate Market that you fall prey to Optimistic Thinking.

A Hard Analysis of Market Potential, Consumer Preferences, Demand, and Program Design is required to prevent guessing based on Intuition.

A failure to Differentiate Markets, ignoring Consumer Resistance, not recognizing Market Distortions, or Projecting Markets in isolation will always lead to disappointment.

Low Market Share organizations such as Educational Institutions need to develop Market Strategies and Systems to remain viable.

By Segmenting Markets in unique and creative ways so that your strengths are maximized, and your programs reflect the Competitive Edge, you will be able to compete for a share of the Corporate Market.

Ladies and Gentlemen this concludes my presentation.
If you have any questions I will do my best to answer them.

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